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NATIONAL INTELLIGENCE DAILY CABLE

Saturday July 31, 1976 CI NIDC 76-179C

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National Intelligence Daily Cable for Saturday July 31, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Tentative Accord Approval

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[] //Lebanon's principal Christian and leftist leaders have tentatively approved the Syrian-Palestinian accord signed in Damascus on Thursday.//

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[] //Camille Shamun and leftist leader Kamal Jumblatt--the two most likely dissenters--yesterday expressed hope that a cease-fire will be implemented. Neither could be drawn out on the agreement's other provisions.//

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[] Phalanges Party leader Jumayyil--generally more flexible than the militant Shamun--also endorsed the agreement, but issued an unusually blunt warning that the Christians are not satisfied with its reaffirmation of the 1969 Cairo agreement as the basis for regulating Palestinian activity in Lebanon. He implied that the Christians will demand even stricter regulations in the new round of settlement talks.

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[] Jumayyil's remarks, which clearly reflect Shamun's position, were probably intended to put the Palestinians on notice that the Christians are united on this issue and do not feel bound by an agreement they did not negotiate. Despite repeated assurances from Damascus, the Christians are uneasy about Syrian intentions and may be worried that Syria and the Palestinians have struck a private bargain.

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[] The Syrians and Palestinians themselves are quarreling over a preamble to the agreement--apparently drafted solely by the Syrians--which blamed the tragedy in Lebanon on Egypt's conclusion of the second Sinai agreement. The quarrel has led to widespread confusion even among the Palestinians over the status of the entire accord.

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[] PLO Chairman Yasir Arafat sent a message to Egyptian President Sadat late Thursday just after the accord was announced denouncing the Syrian statement and denying that the Palestinians had any foreknowledge of its contents. The message, in effect, apologized for the preamble, but did not refer to the agreement itself.

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[] Arafat apparently then sent a second message to all Fatah and PLO representatives reaffirming his approval of the agreement, but again denouncing the "lies put out by Damascus

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Radio." Despite Arafat's apparent effort to distinguish between the preamble and the accord itself, a Palestinian spokesman told reporters yesterday that an agreement with Syria had not been reached. Fumbling to explain the Palestinians' position, the spokesman finally said both Egypt and Syria have betrayed the Palestinians.

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[] The quarrel over the statement and the confusion it has created will, at the very least, delay Arafat's plans to travel to Damascus. Whether or not it upsets the reconciliation accord will depend largely on the reactions of Egypt and Syria. Although Arafat clearly wants to settle with the Syrians and is probably willing to minimize the incident, he cannot afford to jeopardize the material and political support he is now receiving from the Egyptians.

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[] Moreover, Arafat must answer to some of his more militant colleagues who have opposed dealing with Damascus and may seize on the Syrians' actions as a pretext for backing out of the reconciliation accord.

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[] //The Syrians, for their part, have little confidence that the Palestinians will adhere to the agreement and will probably not go out of their way to preserve it. The Syrians are particularly worried about the aid the Palestinians are receiving and reportedly believe it is only a matter of time before their adversaries, rearmed and resupplied, break the truce.//

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SPAIN: Amnesty Decree

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[] The amnesty decree King Juan Carlos issued yesterday that will free a number of Spain's remaining political prisoners and restore civil rights to the Republicans who fought against Franco in the Civil War. The decree is a move toward the national reconciliation promised by Prime Minister Suarez.

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[] The amnesty is intended to boost the government's efforts to enlist the support of the previously illegal democratic opposition parties for its political reform program. These parties have demanded a complete amnesty, and limitations in the decree are likely to generate criticism from the left opposition.

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[] The amnesty covers all political crimes, such as involvement in previously illegal political meetings and issuance of propaganda, but persons convicted of crimes of terrorism causing death or injury are excluded. Also, no redress is provided for workers who were fired for organizing or taking part

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in politically motivated strikes. The minister of justice said about 200 of the estimated 600 political prisoners will be released.

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[redacted] A government official has indicated there was some difficulty in overcoming the opposition of conservative senior officials to inclusion of the military in the amnesty. The nine officers convicted earlier this year of subversion in connection with their membership in the clandestine Military Democratic Union will be released under the amnesty, and armed forces members who fought against Franco in the Civil War will become eligible for pensions.

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[redacted] The government is likely to stress that the amnesty does not cover fiscal crimes, such as taking money out of the country illegally, in order to emphasize its effort to stop capital flight. [redacted]

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LIBYA-TUNISIA: Friendly Gesture

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[redacted] //Tunisian Interior Minister Belkhodja is likely to visit Libya this weekend in response to an invitation from President Qadhafi.//

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[redacted]
[redacted] A meaningful Libyan-Tunisian reconciliation is unlikely. Qadhafi remains fundamentally opposed to Tunisian President Bourguiba and will continue subversive operations against the Tunisian government.

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[redacted]

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[redacted] Bourguiba's decision to send Belkhodja--whom he reportedly regards as a better negotiator--rather than Foreign Minister Chatti suggests that he is determined not to yield to Libyan pressures. [redacted]

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MALAGASY REPUBLIC: PM Killed

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[redacted] Prime Minister Rakotomalala of the Malagasy Republic and several other senior government officials were killed in a helicopter crash yesterday.

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[redacted] Over the past few weeks there have been numerous rumors in Tananarive about widespread military and civilian dissatisfaction with Ratsiraka's rule. Many may conclude that Ratsiraka engineered the helicopter crash to eliminate a suspected rival.

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[redacted] Although Ratsiraka faces little or no organized opposition, he lacks a strong personal following and has had difficulty inspiring his countrymen, especially the rural peasantry, to support his blueprint for a socialist revolution. He also appears to have little understanding of how to deal with the country's economic problems, which include food shortages and rising unemployment.

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[redacted] The deaths will have no effect on Ratsiraka's determination to pursue radical policies but probably will retard the functioning of his government. Rakotomalala, who also held the defense portfolio, was the president's hardworking right-hand man and handled much of the government's day-to-day administrative work. The armed forces chief of staff, who was also killed in the accident, was in charge of the government's ambitious civic action program. [redacted]

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KENYA-UGANDA: Relations

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[redacted] Uganda's President Amin yesterday lauded Kenyan President Kenyatta and told Eteki that Uganda would accept a Kenyan proposal to send a delegation to Nairobi for talks. Amin was probably referring to Kenyan Foreign Minister Waiyaki's public statement earlier this week that Nairobi would welcome talks between the two sides as well as an OAU investigation of the dispute.

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[redacted] Amin's attitudes are subject to abrupt shifts, and the Kenyans apparently are viewing his latest conciliatory words with considerable caution.

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[redacted] Kenya appears to be seeking support from neighboring Ethiopia. Waiyaki was in Addis Ababa on Thursday to begin a round of periodic consultations, normally held to resolve bilateral problems.

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[redacted] Kenya and Ethiopia have a long-standing mutual defense pact, but Ethiopia is too preoccupied with internal unrest to aid Kenya. Nairobi probably recognizes it has little chance of getting Ethiopian help but apparently pushed to have the twice-postponed meeting held now to give Uganda the impression it has Ethiopia's backing. [redacted]

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EUROPE: Joint Float

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[redacted] The European joint float came under renewed pressure yesterday due to dollar selling apparently triggered by US announcements of prime rate reductions and a continued trade deficit in June. Movement out of dollars and into the Deutschmark pushed the German currency to the top of the snake band while the Belgian, Swedish, and Danish currencies fell to the bottom.

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25X1 [] The German currency was also bolstered by renewed market rumors that some realignment of float parities is inevitable after the German general election in October. The mark, which closed at 2.545 to the dollar yesterday, has appreciated nearly 1 percent against the dollar in two days.

25X1 [] For the first time in several weeks, the German central bank intervened through direct purchases of member currencies to help its joint float partners. The Belgian central bank also directly intervened to support the franc. []

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USSR: Ustinov Promoted

25X1 [] The promotion, announced yesterday, of Soviet Minister of Defense Dmitry Ustinov to the rank of marshal of the Soviet Union brings him level in rank with top military officers who are his immediate subordinates. It also makes him the equal in military rank of General Secretary Brezhnev.

25X1 [] Ustinov was promoted to army general at the end of April when he was named minister of defense. He had previously held an inactive rank as colonel general of engineering troops. Brezhnev--identified as army general in 1975--was promoted to marshal of the Soviet Union a week after Ustinov's promotion was announced.

25X1 [] The full implications of Ustinov's and Brezhnev's military promotions are still not clear, and the speed with which Ustinov has received his second promotion is unusual. []

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USSR: Brezhnev Interviewed

25X1 [] In an interview in *Pravda* on the eve of the first anniversary of the Helsinki summit, General Secretary Brezhnev attacked alleged Western interference in Italian politics.

25X1 [] Following the recent Soviet propaganda line, Brezhnev charged that the alleged Western agreement to withhold economic aid from an Italian government including the communists is a

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clear violation of the Helsinki accord. Last year, the USSR used the same argument to attack the Western attitude toward Portugal.

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[redacted] Brezhnev is putting the West on notice that the Soviets will raise such issues if the USSR is taken to task for failing to follow through on the Helsinki agreement.

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[redacted] An article on the European security conference in the same issue of *Pravda* suggests that the Soviets are de-emphasizing last winter's effort to build a record of compliance on the freer movement of peoples and ideas associated with the Helsinki accord, and they appear nervous about the report on its implementation that is to be made in Belgrade next year.

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[redacted]

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